



# **STATE MINING AND GEOLOGY BOARD**

## **EXECUTIVE OFFICER'S REPORT**

For Meeting Date: December 9, 2004

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**Item 4 -- Approval of Assumption of Reclamation Plan and Reclamation Responsibility  
by Silica Resources, Inc. of the Former Garcia Sand and Gravel Surface Mining Site  
on the Long Bar Property (CA Mine ID #91-58-023) in Yuba County**

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**BACKGROUND:** During a routine physical site inspection of the Garcia Sand and Gravel surface mine site in Yuba County by the State Mining and Geology Board (SMGB) on September 23, 2004 pursuant to Public Resources Code §2774, it was found that the operator, Garcia Sand and Gravel, had removed its equipment from the mine site and had ceased its surface mining operations. According to the operator's 2003 Mining Operation Annual Report (signed June 30, 2004, received by SMGB office on September 30, 2004), this mining operation was "Active", and "Reclamation not started"; however, the operator noted that it had shut down operations on July 12, 2003 and removed all equipment and materials from the site. It was, also, found that the neighboring surface mine operator, Silica Resources, Inc. (SRI), had moved onto the Garcia location and commenced surface mining operations. The SMGB's mine inspector informed the land owner's representative (Yuba River Properties) of this situation.

On September 27, 2004 the SMGB office received via facsimile a letter from Yuba River Properties (YRP) explaining that Garcia Sand and Gravel's lease of the property had been terminated by YRP. SRI had been given a month-to-month lease by YRP to operate on the former Garcia site. Yuba River Properties noted that the SRI operation on the former Garcia site was separate and distinct from the SRI operation on the adjoining property, which is also owned by YRP. By this letter, both YRP and SRI requested the SMGB to assign the former Garcia reclamation plan to SRI so that SRI could continue to operate the site.

Historical Note: The "Long Bar Property" is a large gravel and sand bar adjacent to the main course of the Yuba River, created by dredge tailings from gold mining operations early in the 20<sup>th</sup> Century. This single piece of property is owned, in most part, by Yuba River Properties. In 2001 the County of Yuba approved two reclamation plans for two separate, but adjoining operations on the Long Bar Property: SRI's Stringer Pit (CA Mine ID #91-58-0022, Reclamation Plan #00-01b), and Garcia Sand and Gravel (CA Mine ID #91-58-0023, Reclamation Plan #00-01a). Each of the reclamation plans is nearly identical.

On September 28, 2004 the SMGB office responded to YRP that in order for SRI to operate on the former Garcia site, SRI must accept full responsibility for reclaiming the former Garcia site according to the approved reclamation plan (RP#00-01a), and post an adequate financial assurance for that site. Until that time, any operations by SRI on the Garcia site would be in violation of SMARA and may subject the operator to enforcement actions.

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By letter of October 7, 2004 YRP informed the SMGB office that it is the holder-in-fact of the reclamation plans for both the SRI Stringer Pit operation and the former Garcia Sand and Gravel operation. YRP, also, is the provider of the financial assurance instrument for the Garcia site (\$107,140, Irrevocable Letter of Credit). SRI provided its own financial assurance instrument for its Stringer Pit (\$53,818, Certificate of Deposit).

By letter of October 8, 2004, SRI, Inc. provided the SMGB office with a letter of responsibility accepting liability for reclaiming the former Garcia site in accordance with the approved reclamation plan, and a financial assurance cost estimate indicating that it agrees with the existing and approved financial assurance amount of \$107,140. YRP will continue to provide the financial assurance instrument for the former Garcia mine site to be operated by SRI.

**DISCUSSION:** Nothing in the Surface Mining and Reclamation Act (SMARA; Public Resources Code Section 2710 et seq.) prohibits a mining operation from being transferred or conveyed from one operator to another. SMARA requires that a reclamation plan be applicable to a specific piece of property (PRC §2773), and that if a mining operation is conveyed to another operator the existing financial assurances must remain in place until a new financial assurance instrument is provided by the new operator (PRC §2773.1[c]).

In the case at hand, the former Garcia site has an approved reclamation plan specific to that site. The reclamation plan is held by the property owner, YRP, who is the de-facto operator for the site under PRC §2731 which defines (in pertinent part) a mine operator as, “...[a]ny person.... who contracts with others to conduct operations on his behalf...”.

YRP, also, is the provider of the financial assurance instrument for the former Garcia site. That instrument must remain in force unless or until the succeeding operator, SRI, provides its own instrument.

According to YRP, the operations conducted by SRI on the former Garcia site are, “*separate and apart from the adjacent operation of SRI (CA Mine I.D. 91-58-0022). This is not an expansion of SRI’s operations on lands covered by CA Mine I.D. 91-58-0022, but rather a separate operation utilizing separate equipment and personnel.*” (Letter to SMGB dated September 27, 2004)

The Department of Conservation’s Office of Mine Reclamation has reviewed the proposal for SRI to assume the operations and responsibilities for reclaiming the former Garcia site, and has concluded that, “*If SRI as the new operator conducts separate and independent surface mining operations on each site, i.e. separate roads, equipment, facilities, stockpile areas, etc., then they may continue to operate under separate reclamation plans.*” (OMR memo to SMGB)  
The OMR also notes that should the two surface mining operations become dependent on one

another's facilities, then SRI may need to amend its reclamation plan to incorporate the former Garcia site as an expansion of its Stringer Pit site.

**EXECUTIVE OFFICER'S RECOMMENDATION:** The Executive Officer recommends that the SMGB, acting in its capacity as SMARA lead agency for the for the Silica Resources, Inc. Stringer Pit (CA Mine ID #91-58-0022) and for the former Garcia Sand and Gravel mine (CA Mine ID #91-58-0023), approve: (1) the assumption by SRI of the operational and reclamation responsibilities for the former Garcia site (Reclamation Plan #00-01a); and, (2) approve the amount of the existing financial assurance amount and instrument at \$107,140.

**SUGGESTED MOTION LANGUAGE:**

To approve the action:

*Mr. Chairman, in light of the information before the Board today, I move that the SMGB approve the request of Yuba River Properties and Silica Resources, Inc., that Silica Resources, Inc. be assigned the operational and reclamation responsibilities for California Mine Site #91-58-0023 under Reclamation Plan #00-01a, and that the Board also approve the existing financial assurance amount and instrument at \$107,140. This action is to become effective immediately.*